



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:

3425

UTU-81893

(UT-924)

OCT 28 2004

Certified Mail—Return Receipt Requested
Certificate No.

Mr. Lowell Braxton, Director
Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

*Revised
10/27/04*

Dear Mr. Braxton,

Enclosed is a Lease By Application (UTU-81893) filed in this office on October 20, 2004, by ANDALEX Resources, Inc.

The lands in the Lease By Application are more accurately described as follows:

T. 12 S., R. 10 E., SLM
Sec. 33, E2;
Sec. 34, NWNE, S2NE, NW, S2;
Sec. 35, NE, S2NW, S2.

Containing 1, 480 acres

Carbon County

If you have questions concerning the application, please contact Stan Perkes of my staff at 539-4036.

Sincerely,

Kent Hoffman

Kent Hoffman
Deputy State Director
Lands and Minerals

RECEIVED
NOV 01 2004

DIV. OF OIL, GAS & MINING

Enclosure

Lease By Application UTU-81893 (15 pp.)

U81893



ANDALEX Resources, Inc.

Coal Lease by Application

Centennial Project

Carbon County, Utah

TABLE OF CONTENTS

I.	Introduction	1
II.	Qualifications of Applicant	1
A.	Applicant	1
B.	Business Entity Information	1
C.	Names and Addresses of Offices and Directors of Applicant	1
D.	Mailing Address	1
E.	Capital Stock	2
F.	Registered Agent for Service of Process	2
G.	Statement of Interest in Leases	2
H.	Statement of Sole Part in Interest	2
I.	Operator	2
J.	Mine Name and Identification Number	2
K.	Licenses and Permits	2
L.	State of Utah Identification Number	2
III.	Description - Land Application	2
A.	Exploration	3
B.	Mining Method	3
C.	Mining Sequence	3
D.	Production Rate	3
E.	Anticipated and Existing Operations	3
F.	Existing Land Use	4
G.	Geology	4
H.	Cultural, Paleontological and Archaeological Features	4
I.	Hydrology	5
J.	Fish and Wildlife	5
K.	Control and Prevention Measures	5
1.	Fire Prevention	5
2.	Soil Erosion Prevention	5
3.	Pollution of Surface or Ground Water	6
4.	Fish and Wildlife Protection	6
5.	Natural Resource Protection	6
6.	Air and Noise Pollution	6
7.	Socioeconomic Impacts	6
8.	Hazards to Public Health and Safety	6
9.	Reclamation	6
10.	Subsidence Control	6
11.	Intended Use of Coal	7
IV.	Verification Statement	7
V.	References	8
VI.	Maps and Plans (Plates)	8
VII.	Appendix	9
A.	Statement of Interests in Leases	10
B.	Statement of Sole Party in Interest	11
C.	Plate I - General Location Map	12
D.	Plate II - Proposed Aberdeen Seam Mine	13

I. **Introduction**

ANDALEX Resources, Inc. (AMCA Coal Leasing, Inc.) is submitting this application for the leasing of coal land described herein under Subsection 3425 of Title 43 CFR. This land is located in the Book Cliffs KRCRA.

II. **Qualifications of Applicant**

A. Applicant

ANDALEX Resources, Inc., is the applicant for the subject property. Our office address is P.O. Box 902, Price UT 84501, telephone (435)637-5385.

B. Business Entity Information

ANDALEX Resources, Inc., is a corporation organized and existing under the laws of Delaware and qualified to do business in Utah.

C. Names and Addresses of Officers and Directors of Applicant

OFFICERS AND DIRECTORS				
Positions Held - Beginning and Ending Dates				
Name	Affiliate Date	Position Held	Beginning Date	Ending Date
Peter B. Green	01/05/88	Director	01/05/88	
	01/05/88	Chairman	05/11/90	
	01/05/88	CEO	09/30/96	
John Bradshaw	02/05/90	VP Finance	02/05/90	
	02/05/90	Secretary	03/01/94	04/24/95
Ronald C. Beedie	04/05/88	Director	01/05/88	
Douglas H. Smith	03/01/94	Sr. Vice President	03/01/94	07/01/94
	03/01/94	President	07/01/94	
	03/01/94	Director	07/01/94	
Samuel C. Quigley	02/24/95	VP Operations	05/15/95	

D. Mailing Address

ANDALEX Resources, Inc., 45 West 10000 South, Suite 401, Sandy, UT 84070.

E. Capital Stock

Capital Stock of ANDALEX Resources, Inc., is one hundred percent (100%) owned and controlled by Prospect Holdings S.A., Fribourg, Switzerland.

F. Registered Agent for Service of Process

Michael W. Glasson, P.O. Box 902, Price UT 84501.

G. Statement of Interest in Leases

A signed statement is included in the Appendix showing that with the area currently controlled, the applicant's interests in leases do not exceed 46,080 acres in any one state or more than 100,000 acres in the United States.

H. Statement of Sole Party in Interest

A signed statement indicating that the applicant is the sole party in interest in the application and lease is included in the Appendix.

I. Operator

ANDALEX Resources, Inc. will be the operator on the subject property.

J. Mine Name and Identification Number

The Aberdeen Mine has been assigned MSHA ID 42-02028

K. Licenses and Permits

ANDALEX Resources, Inc., currently has all necessary licenses, permits and right-of-way grants.

L. State of Utah Identification Number

The State of Utah has assigned C-007/019 for the Mining and Reclamation Plan for the Centennial Project.

III. **Description - Land Application**

ANDALEX Resources, Inc., is making this Lease by Application on 1,480 acres of Federal lands containing potentially significant coal deposits. The land is contiguous to existing Federal leases held by ANDALEX Resources, Inc., and is located approximately 10 miles north-northeast of Price in Carbon County, Utah. See attached Plates I and II. The contiguous Federal lease held by ANDALEX Resources, Inc., are also indicated on Plate II.

T12S, R10E, SLM:

Section 33: E1/2

Section 34: S1/2, NW1/4, S1/2NE1/4, NW1/4NE1/4

Section 35: S1/2, NE1/4, S1/2NW1/4

containing 1,480 acres, more or less.

A. Exploration

Exploration in the area is complete. A number of holes were drilled on the ANDALEX Resources, Inc., Federal leases and on the former RAG leases in the 1960's and 1970's. Samples were taken from drill holes from the surface and underground. No additional exploration activity is necessary. Reserves were calculated based on coal thickness isopachs and cover lines obtained from the exploration program and previous mining adjacent to this application.

B. Mining Method

The mining method will be consistent with that described in the approved Mining and Reclamation Plan. It will consist of the underground method of coal extraction utilizing continuous miners, shuttle car and conveyor haulage to drive main entries and develop for longwall mining. Development extraction is estimated at 45 percent of the in-place reserves. Once development is advanced sufficiently, longwall extraction will commence. Final extraction will result in total recover of approximately 75 percent of the in-place reserve. Refer to Plate II for existing lease mining scheme.

C. Mining Sequence

Main entry and development mining will be carried out for approximately the first two years. Once development mining has progressed to an acceptable level of advancement, the longwall will begin producing on the new lease. ANDALEX Resources, Inc., will begin mining on the new lease as soon as it is issued and permits have been secured.

D. Production Rate

The Centennial Project is anticipated to be operated at a level of 2 to 2.5 million tons per year.

E. Anticipated and Existing Operations

Mining activities on the subject property will be easily incorporated into the overall Mining and Reclamation Plan for the Centennial Project. Plate II shows the mine plan being followed in the development on existing leases; the mine plan for the new lease will be an extension of the existing leases.

All necessary support and surface facilities for the mining of both the existing lease and the new lease will be from the ANDALEX Resources, Inc., Aberdeen Mine; which is part of the existing lease. No other support facilities will be required for the proposed operations on the subject property, nor will any new surface disturbance result. Mining on the subject property will merely be a continuation of the current underground operations of the Centennial Project. Considering the location of the subject property, it is doubtful that these reserves could ever be mined if not by ANDALEX Resources, Inc., as part of the Centennial Project.

F. Existing Land Use

Due to the rugged topography and sparse rainfall, the subject property and adjacent area is presently used only for grazing, wildlife habitat and outdoor recreation. Historically, the adjacent area has also been used for coal mining. County Zoning Regulations (1974) indicate all lands in the immediate are within Zone M and G1, which is mining and grazing.

Livestock grazing has been the most intense use of the land. However, due to the expansive cliff formations and steepness of the canyon walls, grazing has been limited to the canyon bottoms and the area above the canyons.

Mule deer are found within the adjacent area as well as the usual small mammals, predators and passerine and raptorial birds.

For recreational purposes, the land is suitable only for deer hunting and enjoyment of open space. Snow cover is too light and slopes too steep for snowmobiling, cross-country skiing or snowshoeing. The number of people using the area is small due to the rough terrain, poor access and lack of water.

It should be noted that there will be no change in existing land use due to the issuance of this new lease. As previously mentioned, both the existing and the new lease will be mined from one set of surface facilities.

G. Geology

The subject property is part of the Book Cliff Coal Field. The Book Cliffs is the major physiographic feature in the region. These Cliffs rise from a base at approximately 5,500 feet in elevation to over 8,500 feet. Numerous canyons dissect these Cliffs. The area exhibits extreme topographic relief and is mountainous with steep cliffs and deeply incised drainage.

The major coal seams of the area are found in the Blackhawk Formation of the Upper Cretaceous Mesaverde Group. The rugged topography is the result of erosion-resistant sandstone in the Blackhawk and overlying Castlegate Sandstone, and the Price River Formations. The base of the Book Cliffs and pediment surfaces to the south are formed by the Mancos Shale underlying the Mesaverde Group. Structure contours are aligned basically southeast-northwest. The coal beds dip northeastward at approximately six degrees. No faults are known to exist in the immediate area.

There are several major coal seams of the Blackhawk Formation in the region. However, only the Aberdeen, or Castlegate "A" bed is found in commercial thickness in the immediate area.

H. Cultural, Paleontological and Archaeological Features

No cultural paleontological or archaeological features will be affected by any proposed activities. A cultural clearance has been given for the surface facilities.

No survey of the paleontological resources has been conducted. The subject property is located in a "potential fossil-bearing area of slight value". (U.S.D.I., 1979)

There are no archaeological or features of historic significance known to exist in the area. Archaeological surveys conducted on ANDALEX Resources, Inc., adjacent lease areas resulted in no sites meeting the National Register qualifications.

There are no public parks or areas of national significance in the area. No other cultural features of interest exist in the area. There is no part of the property designated unsuitable for mining according to Title 30 of the Code of Federal Regulations.

I. Hydrology

Occurrence of ground water in the area is isolated and very limited due to the nature of the area geology. Ground water exists as perched aquifers due to the lenticular nature of the porous and permeable sandstone of the area. Some of the sandstone beds from above the Mancos Shale to the top of the Castlegate sandstone are water bearing in the area. However, many of the beds are dry and partially drained of water near the cliff faces. Ground water movement is generally down dip. The beds are very lenticular and, therefore, any water-bearing units are small in areal extent. The nearest spring is located within the existing lease. As part of the permitting process through the State of Utah, the hydrology will be studied intensely.

Streams existing in the area are ephemeral and flow only in direct response to rainfall and snow melt. The area is semiarid, therefore precipitation is sparse. The only surface body of water in the area is located east of the proposed mining and will not be affected.

Water for mining on the subject property will be supplied from city sources and from formation water produced as mining advances. There will be no disturbances of surface water and no diminution of area ground water.

J. Fish and Wildlife

There are no aquatic fauna in the area as there are no perennial streams or bodies of water. Game species which may be present include mule deer, elk, mountain lions, black bear, blue grouse, ruffed grouse, mourning doves and cottontail rabbits. Small mammals and various birds, reptiles, as well as several types of predators may also be found in the area. There are no threatened or endangered species of plants or animals known to exist in the area. Existing wildlife habitat which will be disturbed is negligible. Mining will simply be an extension of existing and proposed underground activities.

K. Control and Prevention Measures

1. Fire Prevention

No Fire prevention plan is deemed necessary, as this is an underground mine.

2. Soil Erosion Prevention

There will be no soil erosion because this is an underground mine.

3. Pollution of Surface or Ground Water

Ground water is very limited in the area and no diminution or pollution will occur as a result of proposed activities. As there are no perennial streams on the subject property, no pollution or diminution of surface water will occur.

4. Fish and Wildlife Protection

No wildlife or wildlife habitat will be affected. There are no fish or aquatic fauna as there are no perennial streams or bodies of water in the area. There are no threatened or endangered species known to exist in the area.

5. Natural Resource Protection

The most advanced technology will be followed to assure maximum recovery of the coal reserves. ANDALEX Resources, Inc., is well known for excellent recovery of coal, including that which is as low as four feet in thickness. There are no other replenishable or non-replenishable resources within the area.

6. Air and Noise Pollution

Mining on the subject property will be underground. There will be no air or noise pollution.

7. Socioeconomic Impacts

The lease is located in an area where coal mining is the major industry. The community is geared for coal operations. The labor supply is excellent, well-trained and available. Most people in this area have a positive, favorable attitude towards increased coal activity. No adverse affect on the social and infrastructure systems of the community is foreseen. The mining of this lease will provide job opportunities.

8. Hazards to Public Health and Safety

There will be no hazards to public health and safety as a result of the proposed activities.

9. Reclamation

Reclamation on the subject property will be as outlined in the approved Mining and Reclamation Plan. Again, this lease will require no new surface disturbance.

10. Subsidence Control

No major subsidence is expected to occur. As mining progresses and longwall panels are pulled, the roof will cave in behind the crew as it advances. This is the normal scheme of mining in this type of development. However, in this area where average cover over the coal seam is close to 2,500 feet, these caves may appear on the surface as minor cracks and

sagging, if at all. The rock will bridge off very quickly and result in minimal disturbance to the overlying country rock. Any minor subsidence with might occur would result in no material damage or diminution of value to foreseeable uses of the land.

11. Intended Use of Coal

ANDALEX Resources, Inc., currently has several long-term coal supply contracts; including Intermountain Power Agency, Nevada Power Corporation and Rio Bravo. In Utah, currently there is not enough production to meet the demand for coal. The Centennial Project will help meet these demands.

IV. Verification Statement

VERIFICATION STATEMENT

State of Utah)
) ss.
County of Carbon)

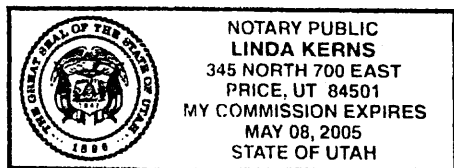
I, SAMUEL C. QUIGLEY, depose and attest that all of the representations contained in the foregoing application are true to the best of my knowledge; that I am authorized to complete and file this application on behalf of the Applicant and this application has been executed as required by law.

Signed: Samuel C. Quigley

Taken, subscribed and sworn before me, the undersigned authority in said county, this 18th day of October, 2004.

Notary Public: Linda Kerns

My commission expires: 05.08.05



V. References

The narrative of this application is based on information contained within ANDALEX Resources, Inc., Centennial Project, approved Mining and Reclamation Plan as well as the 1979 U.S.D.I. Final Environmental Statement (Development of Coal Resources in Central Utah). Substantial information is also available in the Final Environmental Impact Statement for Round 2 of the Uintah - Southwestern Utah Coal Lease Program. Much of the information has also come from in-house geologic data interpretations and engineering.

VI. Maps and Plans (Plates)

The Appendix contains various maps and plan included in order to better define the material presented in the text of this application. The maps and plans will be updated as required by the regulatory authority. These maps and plans, designated as Plates, are listed below:

Plate I - General Location Map - Topography, physical features, existing roads, vehicular trails and surface facilities.

Plate II - LBA Boundary and Proposed Aberdeen Seam Mine Plan

VII. Appendix

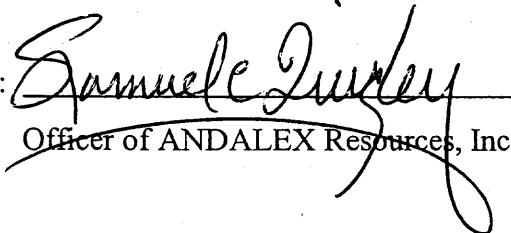
APPENDIX

- A. Statement of Interest in Leases
- B. Statement of Sole Party in Interest
- C. Plate I - General Location Map
- D. Plate II - Proposed Aberdeen Seam Mine

Statement of Interest in Leases

ANDALEX Resources, Inc., and its affiliates do not control more than 46,080 acres of Federal leases in the State of Utah nor does it control more than 100,000 acres of Federal leases in the United States.

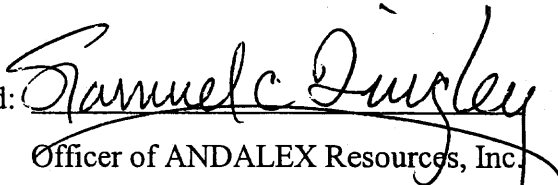
Signed:


Officer of ANDALEX Resources, Inc.

Statement of Sole Party of Interest

ANDALEX Resources, Inc., and its affiliates or associates are the sole party of interest in this application for Federal coal lease.

Signed:


Officer of ANDALEX Resources, Inc.

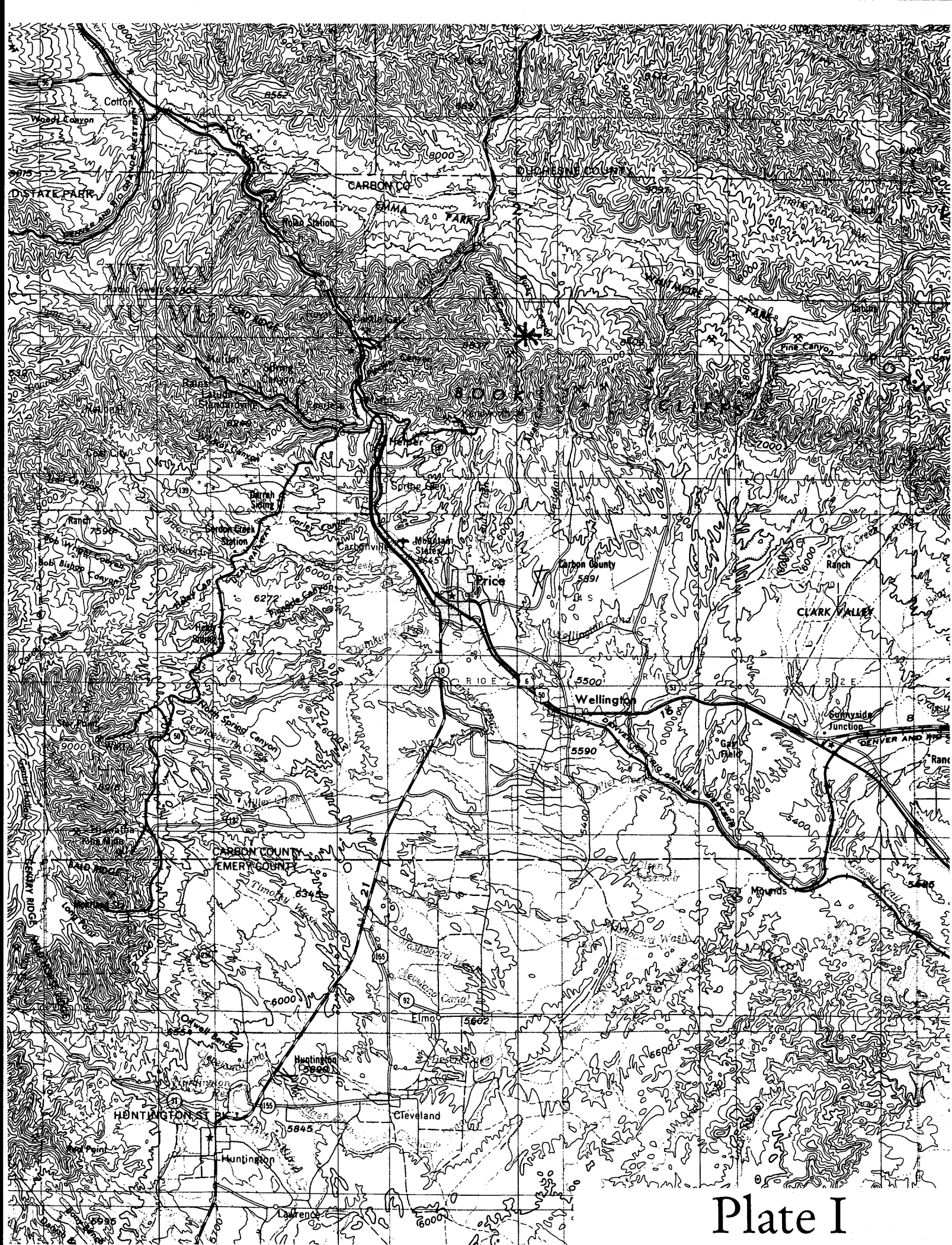


Plate I

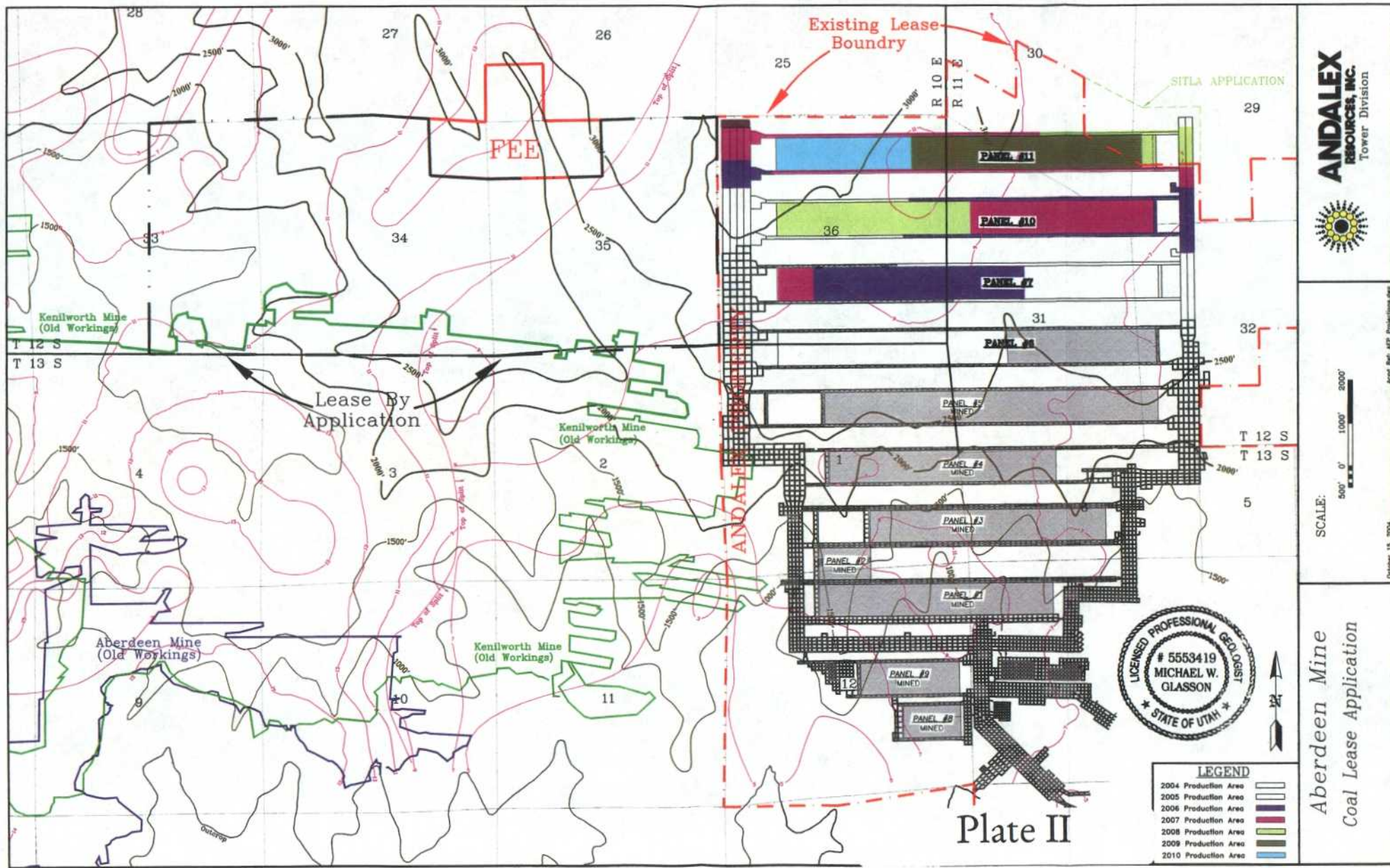


Plate II

LEGEND

2004 Production Area	[White box]
2005 Production Area	[Light gray box]
2006 Production Area	[Dark gray box]
2007 Production Area	[Purple box]
2008 Production Area	[Green box]
2009 Production Area	[Brown box]
2010 Production Area	[Blue box]

Aberdeen Mine
Coal Lease Application

SCALE:



ANDALEX
RESOURCE, INC.
Tower Division

